

Message Text

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70

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INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 5170

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E.O. 11652: N/A

TAGS: BPRO, GT

SUBJECT: INFORMATION CONCERNING THE AUTOMOBILE INDUSTRY IN GUATEMALA.

REF: STATE 262212

1. GUATEMALAN AUTOMOBILE INDUSTRY TOTALLY DEPENDENT ON IMPORTS. SOME LIMITED ASSEMBLY WORK DONE LOCALLY ON TRUCKS. TOTAL VALUE OF 1973 IMPORTS OF MOTOR VEHICLES, CHASSIS, PARTS AND ACCESSORIES WAS \$31.2 MILLION; FROM U.S. \$11.0 (35.3 PERCENT); JAPAN \$10.2 MILLION (32.6 PERCENT); WEST GERMANY \$3.9 MILLION (12.5 PERCENT); U. K. \$2.8 MILLION (9.0 PERCENT). (BASED ON OFFICIAL GOG IMPORT STATISTICS). REGARDING CAR IMPORTS, NUMBER HAS STAGNATED IN RECENT YEARS; 1970 - 3,892 UNITS; 1971 - 3,964 UNITS; 1972 - 3,966 UNITS; 1973 - 3,531 UNITS. 1974 IMPORTS SHOULD SURPASS 1972 FIGURE. U. S. RELATIVELY WEAKEST IN CARS, BUT STRONG IN ALMOST ALL OTHER AREAS. JAPANESE STRONGEST IN TRUCKS AND CARS; WEST GERMANY STRONG IN CARS. SLOWING DOWN OF GUATEMALAN ECONOMIC GROWTH RATE FROM 8 PERCENT RATE IN 1973 TO ESTIMATED 5 PERCENT RATE IN 1974 COUPLED WITH SHARP PRICE INCREASES FOR AUTOMOBILES AND PARTS PROBABLY WILL LIMIT 1975 IMPORTS TO CURRENT LEVELS. OUTLOOK FOR THOSE SELLING U. S. PRODUCTS SIMILAR TO IMPORT BREAKDOWN AS LOCAL DISTRIBUTORS OF U. S. PRODUCTS

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ALSO HANDLE PRODUCTS FROM EUROPE AND/OR JAPAN.

2. FISCHER & CIA. HAS EXCELLENT CREDIT REPUTATION; LOCAL BANKS GRANT IT MEDIUM SIX FIGURE CREDIT FACILITIES. EFFECTIVE JUNE 30, 1974 FIRM INCREASED ITS PAID-IN CAPITAL FROM \$1.2 MILLION TO \$2 MILLION. SALES IN 1973 WERE \$13 MILLION. CREDIT INSURANCE WHICH EXIMBANK CURRENTLY CONSIDERING COVERS COMPANY'S 1975 IMPORTS FROM U. S. BREAKDOWN IS: CARS \$700,000; LIGHT TRUCKS \$500,000; HEAVY TRUCKS \$1,800,000; PARTS AND ACCESSORIES \$400,000.

3. EMBASSY HAS NO OBJECTIONS TO PROPOSED EXIMBANK PROVIDING CREDIT INSURANCE TO COVER SALE OF UP TO \$3 MILLION TO FISCHER & CIA.
ANDREWS

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